

Message Text

CONFIDENTIAL

PAGE 01 STATE 279549

60

ORIGIN L-03

INFO OCT-01 ARA-06 ISO-00 TRSE-00 SP-02 SS-15 EB-07 CIEP-01

COME-00 NSC-05 CIAE-00 INR-07 NSAE-00 SSO-00 NSCE-00

INRE-00 /047 R

DRAFTED BY L/ARA:DAGANTZ

APPROVED BY ARA:AFISHLOW

L:MBFELDMAN/SMSCHWEBEL

TREASURY:FMARESCA (SUB)

S/P:LEINAUDI

----- 029541

O 260127Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

C O N F I D E N T I A L STATE 279549

E.O. 11652: GDS

TAGS: EINV, EIND, EMIN, PFOR, PE

SUBJECT: MARCONA - DEMARCHE TO FOREIGN MINISTRY

REF: A.LIMA 9710 B. LIMA 9618

1. IN VIEW OF DE LA PUENTE'S INCREASINGLY UNCERTAIN STATUS
WITHIN GOP, GOP'S NOVEMBER 21 PRESS STATEMENT (REF A),
AND RECENT CONVERSATIONS WITH DE LA FLOR, DEPT IS BECOMING
INCREASINGLY CONCERNED THAT GOP DOES NOT FULLY UNDERSTAND
NEED FOR MAJOR PROGRESS IN MARCONA NEGOTIATIONS WITHIN THE
NEXT THREE WEEKS. (AMBASSADOR DEAN FULLY CONCURS.) WITH
DE LA FLOR'S DISAVOWAL OF A DE LA PUENTE TRIP TO WASHINGTON
THE SECOND WEEK IN DECEMBER, AND LIKELIHOOD THAT
MINISTER OF COMMERCE ARIAS WILL NOT BE IN A POSITION TO
NEGOTIATE WHEN HE VISITS WASHINGTON DECEMBER 1-3, THERE
WOULD BE NO SATISFACTORY BASIS FOR USG FINDING AT THIS TIME
THAT GOOD FAITH NEGOTIATIONS TOWARD PAYMENT OF PROMPT, ADE-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 279549

QUATE, AND EFFECTIVE COMPENSATION ARE CURRENTLY IN PROGRESS.

IF NO NEGOTIATIONS ARE SCHEDULED AND PROGRESS IS NOT ACHIEVED BEFORE DECEMBER 15 WHEN THE GSP DECISION MUST BE MADE, THE RESULT WILL ALMOST CERTAINLY BE THE CONFRONTATION THAT BOTH COUNTRIES WISH TO AVOID. THUS WE FEEL IT IS ESSENTIAL THAT THE GOP BE MADE TO UNDERSTAND THE IMPORTANCE OF SCHEDULING ANOTHER NEGOTIATING SESSION BEFORE DECEMBER 15,

HOPEFULLY WITH THE RESPONSIBLE GOP MINISTERS AND THE ESSENTIAL NEED FOR SUBSTANTIAL PROGRESS AT THAT SESSION. YET, THERE IS NO POINT IN ANOTHER SESSION (EITHER IN WASHINGTON OR LIMA), IF THE GOP IS NOT PREPARED TO DISCUSS COMPENSATION IN A CONCRETE FASHION.

2. AT THE SAME TIME, WE WISH TO REITERATE OUR UNDERSTANDING REGARDING PERUVIAN ACCESS TO THE IFI'S. PERUVIAN EXECUTIVE DIRECTOR OF IDB HAS TRAVELED TO LIMA, PRESUMABLY IN SEARCH OF GUIDANCE ON TWO LOANS NOW PENDING BEFORE BANK. IT IS ESSENTIAL THAT NO EFFORTS BE MADE BY GOP TO MOVE THESE LOANS FORWARD PRIOR TO NEXT NEGOTIATING SESSION.

3. UNDER THESE CIRCUMSTANCES CHARGE IS REQUESTED TO MAKE AN ORAL DEMARCHE EITHER TO GARCIA BEDOYA OR DE LA FLOR IMMEDIATELY, ALONG LINES SET OUT BELOW. (FISHLOW MADE ESSENTIALLY THE SAME POINTS TO PERUVIAN CHARGE HERE ON NOVEMBER 25.)

4. TALKING POINTS:

-- MY GOVERNMENT RECOGNIZES THAT GOP'S COMMUNIQUE OF NOVEMBER 21 INDICATES AN INCLINATION ON THE PART OF THE GOP TO COMPENSATE MARCONA IN ACCORDANCE WITH PERUVIAN LAW AND UNIVERSAL JURIDICAL PRINCIPLES. WE ARE ALSO PLEASED THAT THE GOP IS APPARENTLY PROCEEDING TOWARD COMPLETING ITS AUDIT OF MARCONA'S FINANCIAL STATEMENTS AND THAT MINISTER OF COMMERCE ARIAS WILL BE VISITING DECEMBER 1-3.

-- WE DO NOT, HOWEVER, CONSIDER THESE AS A SUBSTITUTE FOR NEGOTIATIONS, AND ARE CONCERNED THAT AT THE PRESENT TIME NO NEW NEGOTIATIONS ARE SCHEDULED. WHILE WE REALIZE THAT THERE IS NO POINT IN FURTHER NEGOTIATIONS UNTIL THE GOP

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 279549

IS PREPARED TO DISCUSS SPECIFIC FIGURES, WE WISH AGAIN TO EMPHASIZE THE CRITICAL NATURE OF THE TIME FACTOR WITH RESPECT TO U.S. LAW.

-- AS DEPUTY ASSISTANT SECRETARY FISHLOW SAID IN HIS LETTER TO DE LA PUENTE, THE U.S. GOVERNMENT ASSUMES THAT THE "GENERAL FRAMEWORK FOR AVOIDING CONFRONTATION" THAT WAS AGREED UPON OCTOBER 24 "REMAINS IN EFFECT." IN

THAT LETTER WE ALSO ASKED FOR THE GOP'S COOPERATION IN ASSURING "THAT YOUR REPRESENTATIVES IN WASHINGTON DO NOTHING TO COMPLICATE MATTERS." WE REALIZE, AS WE ASSUME THE GOP DOES, THAT THIS ARRANGEMENT INVOLVING IFI LOANS AND GSP CAN ONLY BE TEMPORARY IN NATURE. SPECIFICALLY, DESPITE THE FACT THAT THE GOVERNMENT OF PERU REMAINS ON THE GSP COUNTRIES LIST UNDER NEW EXECUTIVE ORDER, PERU'S STATUS WITH RESPECT TO GSP WILL BE REVIEWED - ALONG WITH

SEVERAL OTHER COUNTRIES WHERE EXPROPRIATIONS HAVE TAKEN PLACE - BETWEEN DECEMBER 15 AND 20. IF BY THAT TIME THERE HAS BEEN NO SUBSTANTIAL PROGRESS IN THE NEGOTIATIONS, THE USG WILL HAVE NO CHOICE BUT TO REMOVE PERU FROM THE LIST.

-- UNDER THESE CIRCUMSTANCES MY GOVERNMENT BELIEVES IT IS ESSENTIAL THAT A NEW SUBSTANTIVE NEGOTIATING SESSION BE SCHEDULED BEFORE DECEMBER 15, PREFERABLY WITH THE RESPONSIBLE PERUVIAN MINISTERS, A SESSION AT WHICH BOTH GOVERNMENTS ARE PREPARED TO DISCUSS SPECIFIC FIGURES AND THEREBY CREATE THE CONDITIONS WHICH CAN LEAD TOWARD AN EARLY SETTLEMENT. WE BELIEVE THIS IS ESPECIALLY IMPORTANT IN VIEW OF THE GOP'S APPARENT LACK OF INTEREST IN AN INTERIM ARRANGEMENT ALONG THE LINES SUGGESTED IN THE FISHLOW LETTER TO DE LA PUENTE.

-- WE ARE PREPARED TO RESPOND TO ANY PERUVIAN INITIATIVE BUT NONE HAS BEEN FORTHCOMING. THE INITIATIVE IS CLEARLY WITH THE GOP. IF SUBSTANTIAL PRIOR AGREEMENT EXISTED ON AN INTERIM PROPOSAL, WE COULD FOCUS ON REACHING A FINAL ACCORD AT A SUBSEQUENT MEETING.

-- THUS, MY GOVERNMENT SINCERELY HOPES THAT THE GOP CAN
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 279549

BE PREPARED TO NEGOTIATE ON THE BASIS OF SPECIFIC FIGURES WITHIN THE NEXT FEW WEEKS. IF THE GOP IS IN FACT PREPARED TO DO SO, DR. FISHLOW AND THE REST OF THE WASHINGTON TEAM ARE PREPARED TO COME TO PERU ON DECEMBER 10. I WISH TO REITERATE, HOWEVER, THAT UNLESS NO SERIOUS PROGRESS TOWARDS SETTLEMENT CAN TAKE PLACE, AND UNLESS THE GOP HAS SOMETHING TO PRESENT, THERE WOULD IN FACT BE NOTHING TO BE GAINED FROM AN ADDITIONAL VISIT. KISSINGER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEMARCHE, PRESS COMMENTS, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE279549
Document Source: CORE
Document Unique ID: 00
Drafter: DAGANTZ
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750410-1063
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751111/aaaaaizl.tel
Line Count: 162
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LIMA 9618
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2003 by CunninFX>; APPROVED <30 OCT 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARCONA - DEMARCHE TO FOREIGN MINISTRY
TAGS: EINV, EIND, EMIN, PFOR, PE, MARCONA
To: LIMA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006